

Message

From: Aguilar, Victor [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=AGUILAR, VICTOR]
Sent: 1/9/2017 10:14:02 PM
To: Kane, Eleanor [kane.eleanor@epa.gov]
Subject: RE: FCA Clips 1/9/17

Eleanor,

Ex. 5 Attorney Work Product (AWP) and Ex. 4 CBI

Victor Aguilar

From: Kane, Eleanor
Sent: Monday, January 9, 2017 4:18 PM
To: Valentine, Julia <Valentine.Julia@epa.gov>
Cc: Aguilar, Victor <aguilar.victor@epa.gov>
Subject: RE: FCA Clips 1/9/17

Hi Julia –

Can you include Victor Aguilar and me (Eleanor Kane) on future FCA emails? (We are part of the OECA enforcement team).

Thanks!

Eleanor

Eleanor Kane
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From: Caballero, Kathryn
Sent: Monday, January 09, 2017 4:09 PM
To: Aguilar, Victor <aguilar.victor@epa.gov>; Kane, Eleanor <kane.eleanor@epa.gov>
Cc: Meisenbach, Caitlin <Meisenbach.Caitlin@epa.gov>
Subject: FW: FCA Clips 1/9/17

Please email Julia and ask her to include you on future emails. I think perhaps Rebecca Kane was a mistake? Thanks.

Kathryn Pirrotta Caballero
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From: Valentine, Julia

Sent: Monday, January 09, 2017 4:04 PM

To: McGonagle, Kevin <mcgonagle.kevin@epa.gov>; So, Katherine <so.katherine@epa.gov>; StClair, Christie <StClair.Christie@epa.gov>; Hull, George <Hull.George@epa.gov>; Harrison, Melissa <Harrison.Melissa@epa.gov>; Conger, Nick <Conger.Nick@epa.gov>; Benenati, Frank <benenati.frank@epa.gov>; Millett, John <Millett.John@epa.gov>; Grundler, Christopher <grundler.christopher@epa.gov>; Bunker, Byron <bunker.byron@epa.gov>; Cook, Leila <cook.leila@epa.gov>; Cohen, Janet <cohen.janet@epa.gov>; Wehrly, Linc <wehrly.linc@epa.gov>; Birgfeld, Erin <Birgfeld.Erin@epa.gov>; Richards, David <Richards.David@epa.gov>; Mylan, Christopher <Mylan.Christopher@epa.gov>; Sutton, Tia <sutton.tia@epa.gov>; Birgfeld, Erin <Birgfeld.Erin@epa.gov>; Giles-AA, Cynthia <Giles-AA.Cynthia@epa.gov>; Starfield, Lawrence <Starfield.Lawrence@epa.gov>; Shinkman, Susan <Shinkman.Susan@epa.gov>; Brooks, Phillip <Brooks.Phillip@epa.gov>; Caballero, Kathryn <Caballero.Kathryn@epa.gov>; Meisenbach, Caitlin <Meisenbach.Caitlin@epa.gov>; Kane, Rebecca <Kane.Rebecca@epa.gov>; Senn, John <Senn.John@epa.gov>; Haman, Patricia <Haman.Patricia@epa.gov>; Levine, Carolyn <Levine.Carolyn@epa.gov>

Subject: FCA Clips 1/9/17

Below: Bloomberg, AP, Reuters (2), Wall Street Journal, Washington Post, NBC News

Bloomberg

<https://www.bloomberg.com/news/articles/2017-01-08/fiat-chrysler-commits-1-billion-to-u-s-plants-for-jeeps-rams>

Fiat Chrysler Announces Plans to Invest \$1 Billion in the U.S.

By Jamie Butters and Tommaso Ebhardt 1/9/17

Fiat Chrysler Automobiles NV's \$1 billion plan to build in the U.S. three new Jeeps and a Ram pickup now produced in Mexico won plaudits from President-elect Donald Trump as he pressures the auto industry to hire and manufacture above the border.

The automaker will add 2,000 jobs at factories in Michigan and Ohio, the Italian-American company said Sunday ahead of the Detroit auto show. It will retool the facilities by 2020 and add the Wagoneer and Grand Wagoneer sport utility vehicles and a pickup model to its lineup. After improvements to a plant in Warren, Michigan, the site will be able to assemble Ram HD trucks now produced in Saltillo, Mexico.

"It's finally happening," Trump wrote in a tweet Monday morning, noting the announcement is coming on the heels of Ford Motor Co.'s decision last week to cancel a \$1.6 billion factory in Mexico and invest \$700 million into a Michigan plant. "Thank you Ford & Fiat C!"

Fiat Chrysler circulated the plans before any potential criticism of the company by Trump, who last week threatened General Motors Co. with tariffs for importing a version of its Chevrolet Cruze from Mexico.

"We don't make investment decisions based on risk of a tweet," Chief Executive Officer Sergio Marchionne told reporters during a roundtable at the North American International Auto Show. "I thank him," he said of Trump. "We owed the country this investment."

The added Jeep models have long been planned and analysts have been awaiting word on where they would be built, Michelle Krebs, senior analyst at Autotrader.com, said in an e-mail. "Investment in Jeep is smart money spent, and timing to ward off President-elect Trump's possible tweets at the pass doesn't hurt," she wrote.

Among major automakers, Fiat Chrysler sells the highest percentage of light trucks, which tend to be more profitable than cars. For this reason, it's also been seen as the most likely to benefit from the Trump administration and Republican-controlled Congress reducing regulatory demands for improved fuel economy, spurring a surge in the stock price.

"The sooner those new models will roll out of the factories, the better it is to support Fiat's mix and therefore margins," said Massimo Vecchio, an analyst at Mediobanca in Milan. "All major corporations are moving along the line of what Trump asked. They could get in exchange very likely a massive cut in the corporate tax rate, which is possible only if the U.S. increases" its gross domestic product, the broadest measure of economic activity, Vecchio said.

Fiat Chrysler employs more than 11,800 workers in Mexico at seven manufacturing facilities, which shipped 477,000 vehicles in 2015, according to the company's website. Its models built south of the border include Ram trucks and vans in Saltillo and Fiat 500 small cars and Dodge Journey SUVs in Toluca.

Having the ability to make those big work trucks in the U.S. as well as Mexico provides a hedge against a potential tax on imported vehicles, which Trump has threatened against GM and Toyota Motor Corp., in addition to Ford.

"Politically, it follows along with everything that's going on, in terms of domestic production," said Tom Libby, an analyst with IHS Markit.

The company is set to start producing a new version of its Jeep Compass SUV for the U.S. market at the Toluca plant. Its factory in Belvidere, Illinois, which used to assemble the model as well as the Jeep Patriot and Dodge Dart compact car, is being retooled to make Jeep Cherokee SUVs.

The added products reflect "where the market's going," Libby said. "That large SUV category is very profitable, it's very domestic-intended and it's a hole for them, so that makes all the sense in the world. Pickups are also doing very well. You put the combination of the Jeep brand with a pickup and you just can't miss."

AP

https://apnews.com/406ae16661d343b694ebeb83860994c?utm_campaign=SocialFlow&utm_source=Twitter&utm_medium=AP

Fiat Chrysler to build 3 new Jeeps, create 2,000 jobs in US

By Tom Krisher 1/8/17 5:54pm EST

DETROIT (AP) — Fiat Chrysler will add three new Jeeps to its lineup including a pickup truck as it invests \$1 billion in two U.S. factories, furthering its effort to increase production of hot-selling SUVs and pickup trucks and get out of producing small and midsize cars. The expansion will create 2,000 new jobs.

The Italian-American automaker said Sunday it will modernize a factory in the Detroit suburb of Warren, Michigan, to make the new Jeep Wagoneer and Grand Wagoneer large SUVs. A factory complex just south of there in Toledo, Ohio, also will get new equipment to make the new pickup. The company wouldn't provide details of the new products, but said the factory work would be done in 2020.

Consumers worldwide have gravitated toward SUVs and trucks while turning away from passenger cars. Last year in the U.S., car sales fell 7 percent while truck and SUV sales rose 8 percent.

Last year, FCA announced plans to stop production of the slow-selling Dodge Dart and Chrysler 200. Factories that make those products in Sterling Heights, Michigan, and Belvidere, Ill., will get new trucks and SUVs as FCA searches for an automaker that would build small cars under contract.

The factory upgrade in Warren also would allow the plant to make heavy-duty Ram pickups that now are produced in Saltillo, Mexico. But FCA would not say if it has plans to shift production to the north.

Producing vehicles in Mexico and shipping them to the U.S. has become a thorny political issue with the election of Donald Trump as president. Trump has criticized Ford, General Motors and Toyota for building small cars in Mexico and shipping them across the border. He has threatened to impose a big border tax on the companies.

The factory moves expand FCA's capacity to build vehicles in key segments "enabling us to meet growing demand here in the U.S., but more importantly to increase exports of our mid-size and larger vehicles to international markets," CEO Sergio Marchionne said in a statement. Marchionne added that those markets "have historically been denied product due to (factory) capacity constraints."

The new Jeep pickup, which could be a version of the Wrangler SUV, would be the company's first pickup since the mid-1990s.

The moves cap a series of factory changes that FCA announced starting in July, when the company said it would sink \$1.5 billion into the Sterling Heights plant so it can be equipped to make Ram pickups. The 3,000-worker plant made the Chrysler 200 midsize car, but it closed as production ended last month.

The Warren plant will keep making Rams until Sterling Heights is updated, then it will close temporarily so it can be retooled to make the large SUVs. The company also said last summer that it would spend \$1 billion to retool the Toledo factory for production of a new Jeep Wrangler. That plant's Jeep Cherokee will move to Belvidere, which stopped making the Dodge Dart compact car and Jeep Compass and Patriot small SUVs last year.

FCA said the investments are subject to negotiations and approval of tax incentives by local and state governments. The company would not say how much would be invested in each plant or how many new jobs would go to each.

Reuters

<http://www.reuters.com/article/us-fiatchrysler-usa-idUSKBN14S0WL>

Fiat Chrysler ups the ante as automakers respond to Trump

By Bernie Woodall and David Shepardson 1/9/17 5:34am EST

Fiat Chrysler Automobiles (FCHA.MI) (FCAU.N) on Sunday said it will invest \$1 billion to modernize two plants in the U.S. Midwest and create 2,000 jobs, upping the ante as automakers respond to threats from President-elect Donald Trump to slap new taxes on imported vehicles.

FCA's announcement that it would retool factories in Ohio and Michigan to build new Jeep sport utility vehicles, including a pickup truck, and potentially move production of a Ram heavy-duty pickup truck to Michigan from Mexico, also highlighted the auto industry's keen interest in getting relief from tough fuel economy rules enacted by the outgoing Obama administration.

General Motors Co (GM.N) Chief Executive Mary Barra on Sunday said tax reform and "streamlining regulations ... are just two areas that would be extremely beneficial" for Trump to address. Trump has criticized GM for building cars in Mexico while laying off workers in the United States.

Barra, who is on an advisory committee to Trump, told reporters that decisions about where to build specific vehicles are made "two, three four years ago". Overall, she said of Trump, "we have much more in common than we have different".

Barra had a conversation with Trump on Tuesday, a person briefed on the call told Reuters. Barra declined to discuss her conversations with Trump.

Many automakers plan to use the annual North American International Auto show in Detroit, which started on Saturday, to tout investments in the United States and a commitment to U.S. employment against the backdrop of Trump's criticism of automakers for shipping vehicles into the U.S. from Mexico.

Daimler AG (DAIGn.DE) Chief Executive Dieter Zetsche on Sunday said during an auto show event that the German automaker plans to invest another \$1.3 billion to expand sport utility vehicle (SUV) production at a factory in Alabama.

Automakers are girding for rounds of questions about Mexican investments and U.S. jobs in the wake of Trump's harsh criticism of automakers.

Most of the major automakers in the U.S. have substantial vehicle making operations in Mexico, as well as complex networks of parts makers that supply their factories in the U.S. and support jobs and investment in states such as Ohio and Michigan.

FCA's investment decisions were not related to Trump's recent attacks on Ford Motor Co (F.N), GM and Toyota Motor Corp (7203.T) for building cars for the U.S. market in Mexico, people familiar with company's moves said on Sunday.

The company had already signaled plans to expand truck and SUV production at its U.S. plants, and discontinued production of small and medium-sized cars in two U.S. factories.

FCA executives did not confer with Trump before making the decision on the new big SUVs and a Jeep pickup truck, according to a person familiar with the company's thinking.

The same source said FCA CEO Sergio Marchionne wanted to get out the news about adding jobs and investment in the United States in case the company encounters more criticism from Trump.

Still, Fiat Chrysler's announcement landed as global auto industry executives gathered for the annual auto show in a climate of growing uncertainty about the trade and regulatory policies the new Republican administration will pursue.

Trump, who will be inaugurated on Jan. 20, has talked about rolling back environmental regulations, and supporting corporate tax cuts - moves automakers would welcome.

He has just as explicitly warned that he will move to raise the costs of importing vehicles from Mexico, a policy industry executives said could hurt their businesses.

Since Trump's election, automakers and other companies have played up their investments in the United States.

Last week, Ford scrapped plans to build a \$1.6 billion plant in Mexico and invest \$700 million in a factory in Michigan. Ford will still move production of Focus small cars to Mexico, but will instead cut total production of the cars by consolidating their assembly in an existing Mexican plant.

Hinrich Woebcken, chief executive of the North America Region for German automaker Volkswagen AG (VOWG_p.DE), told Reuters on Sunday the automaker plans to invest \$7 billion in the United States between 2015 and 2019 and will start building its new Atlas SUV in Tennessee later this year.

Volkswagen has had a plant in Mexico for 50 years and it is not shifting any jobs to Mexico from the United States.

"We do not make our investment decisions based on administrative cycles. Our business is really an 8-, 12-, 14-year horizon when we look at investments," Woebcken said on the sidelines of the Detroit auto show.

FCA said a plant in Warren, Michigan, near Detroit, would make the Jeep Wagoneer and Jeep Grand Wagoneer SUVs, while a Toledo, Ohio, factory would produce the Jeep pickup.

The company said the production plans in Ohio and Michigan were "subject to the negotiation and final approval of incentives by state and local entities".

U.S. consumers have increasingly shifted toward SUVs and pickup trucks and away from sedans in recent years, as gasoline prices have remained relatively low.

A year ago, Marchionne said FCA would cease production of two sedans and focus on SUVs and pickups.

Marchionne said in a statement on Sunday that the lineup changes were due to that consumer shift.

"We continue to reinforce the U.S. as a global manufacturing hub" for SUVs and pickup trucks, he added.

Reuters

<http://www.reuters.com/article/us-usa-trump-autos-idUSKBN14T1U>

Trump praises Ford, Fiat Chrysler for U.S. investments

By David Shepardson 1/9/17 10:51am EST

President-elect Donald Trump praised Ford Motor Co (F.N) and Fiat Chrysler Automobiles NV (FCAU.N) on Monday for announcing new investments in the United States after he made U.S. auto production a key part of his campaign.

Ford announced last week it would abandon plans to build a \$1.6 billion plant in Mexico and would invest \$700 million in a Michigan plant over four years, while Fiat Chrysler said Sunday it will invest \$1 billion and add 2,000 jobs at plants in Ohio and Michigan to build new SUVs and pickup trucks.

Both companies have said they made the decision for business reasons and not because of pressure from Trump, but praised the president-elect for seeking to improve the climate for businesses to operate in the United States.

Fiat Chrysler chief executive Sergio Marchionne said at the Detroit auto show on Monday that the decision had been in the works for a long time and was "coincidental" to Trump's tweet last week criticizing the company. "We didn't twist ourselves into a pretzel (to make this decision)... It wasn't a preemptive strike against a tweet," Marchionne said during a roundtable discussion.

Marchionne was asked about tariffs that Trump has threatened to impose on vehicles imported to the United States from Mexico and elsewhere and he said that Fiat Chrysler will live with any new rules. However, he added that it was "quite possible" that heavy tariffs on Mexican imports could force the company to close Mexican plants.

Trump, a real estate developer who takes office on Jan. 20, has repeatedly singled out companies in the auto sector and other industries for not doing more to keep jobs in the United States.

Trump, a Republican, also criticized Toyota Motor Corp (7203.T) last week for shifting production of its Corolla from Canada to Mexico. The company has said there is no impact on U.S. employment as a result of the change.

"It's finally happening - Fiat Chrysler just announced plans to invest \$1BILLION in Michigan and Ohio plants, adding 2000 jobs," Trump said in a tweet on Monday. In a follow up tweet, he added: "Ford said last week that it will expand in Michigan and U.S. instead of building a BILLION dollar plant in Mexico. Thank you Ford & Fiat C(hrysler)."

Ford announced on Monday it will build the Bronco SUV and Ranger pickup at its Wayne assembly plant but will shift production of its Ford Focus car. Because of low demand, it will shift the Focus to an existing Mexican factory, rather than to a new factory as was announced in April.

Wall Street Journal

<http://www.wsj.com/articles/trump-praises-fiat-chrysler-ford-investment-in-u-s-plants-1483974622>

Chrysler Boss: Decision on U.S. Plants Wasn't Related to Trump's Pressure

By Chester Dawson 1/9/17 12:40pm EST

Fiat Chrysler Automobiles NV's decision to spend \$1 billion on two U.S. plants wasn't related to President-elect Donald Trump's pressure on the auto industry to bring more production and jobs to America, the company's chief executive said Monday.

"The announcement yesterday—it's coincidental with all these tweets coming out," Sergio Marchionne told reporters at a press conference at an annual auto show in Detroit.

He said the timing of the investment wasn't designed to shield his company from criticism Mr. Trump has directed at several auto makers with manufacturing operations in Mexico.

FCA said Sunday it would retool two existing plants in Michigan and Ohio to manufacture new sport-utility vehicles and pickup trucks, creating about 2,000 jobs. Mr. Trump on Monday praised that decision using his Twitter account, but Mr. Marchionne said the moves had been in the works for some time. He also said his company hadn't talked with the incoming administration.

"It's new territory for most of us. None of us have had a tweeting president before. It's a new way of communication, and we're going to have to learn how to respond," he said.

The FCA CEO said his company and the rest of the auto industry is struggling to understand evolving U.S. trade policy under the incoming administration, in particular Mr. Trump's calls for tariffs on imported goods from Mexico.

"This whole notion of discussing trade relations... I'm in the dark as much as you are," Mr. Marchionne told reporters. "We need clarity."

Mr. Marchionne suggested the auto industry may need to speak to Washington with a unified voice to make sure the new White House understands its concerns.

The FCA CEO said it was "quite possible" vehicle plants in Mexico designed to supply the U.S. could be closed if high U.S. import tariffs are introduced. He noted it would be impractical to divert their production to other markets globally.

Last week, Mr. Trump singled out General Motors Co. and Toyota Motor Corp. for their production of vehicles in Mexico. Also last week, Ford Motor Co. canceled plans for a new Mexican factory and said it would invest \$700 million in its U.S. manufacturing operations.

CNN Money

<http://money.cnn.com/2017/01/09/news/economy/marchionne-trump-mexico/index.html>

Fiat Chrysler CEO: Automakers need clarity from Trump

By Chris Isidore 1/9/17 1:51pm EST

"I need clarity, and we need rules."

That's what Fiat Chrysler CEO Sergio Marchionne had to say Monday morning at the Detroit Auto Show when asked about the automaker's business plans under President-elect Donald Trump.

Marchionne said long-term planning for its Mexican operations are on hold while the auto industry waits to see whether Trump can follow through on his threat to impose a 35% tariff on auto imports from Mexico.

He said that the current uncertainty would make it "incredibly imprudent" for Chrysler to invest any more in Mexico at this time. He also added that steep tariffs could mean that Fiat Chrysler pulls back from Mexico entirely.

"It's possible if tariffs are imposed, if they're sufficiently large, we'd have to withdraw. It is quite possible," he said. "Right now they [rules] are all on the table. We'll wait."

Last week Ford (F) announced it was scrapping plans for a \$1.6 billion plant in Mexico and instead investing \$700 million in a Michigan plant, a move that will create 700 jobs there.

On Sunday, Fiat Chrysler announced its own \$1 billion investment in two plants in Michigan and Ohio, creating 2,000 jobs.

Trump tweeted about the move, saying "It's finally happening." But Marchionne said Monday that the strategy had nothing to do with Trump or his trade policies.

And he said he isn't concerned about Trump's Twitter attacks Fiat Chrysler. "This is new territory for most of us. None of us have had a tweeting president before," he said.

The CEO added at a press conference later Monday that he'll never get into a Twitter war with the president-elect.

"If I ever start tweeting, shoot me," Marchionne told reporters. He doesn't even have a Twitter account.

Indeed, Fiat's investment plans were part of a labor deal Fiat Chrysler reached with the United Auto Workers union in 2015. It calls for the company to invest a total of \$5.3 billion in U.S. plants.

"I wish I could give him [Trump] credit for this," the CEO told reporters Monday afternoon. "But the thinking was in place beforehand."

Marchionne stressed that the decision made economic sense for the company.

"We're not going to do anything about President-elect Trump," he said. "We'll just respond to relevant policies."

Marchionne said repeatedly that the company needs to know what the trade law will be.

"It's amazing how much time we're spending discussing things I don't know anything about," he said, referring to trade policies that have yet to be put in place. "I'm as much in the dark as you are."

Fiat Chrysler (FCAU) has seven Mexican plants that employ about 11,500 workers. The plants primarily serve the U.S. market, but also build vehicles for Europe, South America and Australia. They build the Fiat 500, Dodge Journey, the Ram ProMaster van and the Ram 1500-3500 pickups. The new Jeep Compass will also be built in Mexico.

The company's Mexican plants also build engines for a number of models assembled at U.S. plants.

NBC News

<http://www.nbcnews.com/business/autos/fiat-invest-1-billion-michigan-ohio-plants-create-2-000-n704701>

Fiat to Invest \$1 Billion in Michigan, Ohio Plants; Create 2,000 Jobs

By Javier E. David 1/9/17 9:27 am EST

FCA, the U.S. arm of automaker Fiat-Chrysler, announced on Sunday that it would invest a total \$1 billion in plants in Michigan and Ohio, which will add 2,000 new jobs in the United States.

The announcement, in what the company said was the second phase of a plan it first made public a year ago, came days after Ford decided to scrap a plan to build a facility in Mexico, instead opting to invest in a plant in Michigan.

Ford's CEO cited demand, rather than the policies of President-elect Donald Trump, who has vowed to impose a "border tax" on companies that send jobs abroad.

"Consistent and combined with previously announced investments, FCA U.S. is further demonstrating its commitment to strengthening its U.S. manufacturing base, and aligning U.S. capacity to extend the Jeep product lineup," FCA said.

The President-elect was quick to take credit, however, tweeting his thanks on Monday morning.

In a statement, FCA said it would retool and modernize its Warren Truck Assembly Plant to produce a new Jeep and Grand Wagoneers, while a facility in Toledo would build a new Jeep pickup truck. These plans will be in place by 2020, the company said.

The move "is a continuation of the efforts already underway to increase production capacity in the U.S. on trucks and SUVs to match demand," the company said, adding that it would help solidify the U.S. as "a global manufacturing hub" for its flagship brands.

However, Fiat indicated it would still continue to produce at least one line, its Ram heavy duty truck, in Mexico.

"The added benefit of the investment in Warren is that it will enable the plant to produce the Ram heavy duty truck, which is currently produced in Mexico," FCA said.

Researched and prepared by:

Kevin McGonagle

OPA/OMR Intern